

KINROSS CHARTER TOWNSHIP

GENERAL PURPOSE FINANCIAL STATEMENTS

March 31, 2004

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <u>Kinross Charter Township</u>	County <u>Chippewa</u>
Audit Date <u>March 31, 2004</u>	Opinion Date <u>May 22, 2004</u>	Date Accountant Report Submitted to State: <u>July 21, 2004</u>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <u>Anderson, Tackman & Co, PLC</u>			
Street Address <u>16978 S. Riley Ave</u>	City <u>Kincheloe</u>	State <u>MI</u>	ZIP <u>49788</u>
Accountant Signature <u>Anderson Tackman & Co Pdlc</u>			

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ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE
PHILLIP J. WOLF, CPA, PRINCIPAL
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MEMBER AICPA
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MICHIGAN & WISCONSIN

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Kinross Charter Township
310 Curtis
Kincheloe, MI 49788

We have audited the accompanying general purpose financial statements of the Kinross Charter Township, as of and for the year ended March 31, 2004 as listed in the Table of Contents. These general purpose financial statements are the responsibility of Kinross Charter Township's management. Our responsibility is to express an opinion based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Kinross Charter Township, as of March 31, 2004, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Trustees

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Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements for the years ended March 31, 2004 and 2003, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Kinross Charter Township. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Anderson Tackman & Co P.C.

Anderson, Tackman & Company, PLC
Certified Public Accountants

May 22, 2004

KINROSS CHARTER TOWNSHIP
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
March 31, 2004

ASSETS AND OTHER DEBITS:

Cash & Equivalents-unrestricted	\$	268,714	\$	227,440	\$	4,951	\$	619,431	\$	957,722	\$	-	\$	-	\$	2,078,258
Cash & Equivalents-restricted				67,267		-		-		-		-		-		67,267
Accounts Receivable (net)		1,156		103,030		-		137,869		-		-		-		242,055
Loans Receivable		-		-		-		-		-		-		-		-
Interest Receivables		3,263		1,213		-		5,131		-		-		-		9,607
Lease Receivables		-		5,072		-		-		-		-		-		5,072
Due From Other Funds		47,566		75,219		-		1,413		-		-		-		124,198
Due From Governmental Units		31,301		16,210		-		2,598		-		-		-		50,109
Inventory		-		-		-		10,969		-		-		-		10,969
Prepays		11,966		23,370		-		34,324		-		-		-		69,660
Other Assets		-		-		-		1,968		-		-		-		1,968
Land & Land Improvements		-		-		-		2,350,135		-		-		-		2,793,334
Buildings & Building Improvements		-		-		-		6,546,216		-		-		-		8,984,963
Equipment		-		-		-		3,071,722		-		-		-		4,600,127
Water system		-		-		-		1,051,197		-		-		-		1,051,197
Sewer system		-		-		-		2,720,392		-		-		-		2,720,392
Accumulated Depreciation		-		-		-		(7,218,208)		-		-		-		(7,218,208)
Amount Available for Long-Term Debt		-		-		-		-		-		-		-		-
Amount To Be Provided For Long-Term Debt		-		-		-		-		-		-		-		-
															292,657	292,657
TOTAL ASSETS AND OTHER DEBITS	\$	363,966	\$	518,821	\$	4,951	\$	9,335,157	\$	957,722	\$	4,410,351	\$	292,658	\$	15,883,626

KINROSS CHARTER TOWNSHIP
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
March 31, 2004

	Governmental Fund Types			Proprietary Fund Type		Fiduciary Fund Types		Account Groups		
	General	Special Revenue	Debt Service	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	Totals (Memorandum Only)		
LIABILITIES:										
Accounts Payable	\$ 5,599	\$ 56,683	\$ -	\$ 46,929	\$ -	\$ -	\$ -	\$ -	\$ -	109,211
Accrued Interest Payable	-	-	4,450	-	-	-	-	-	-	4,450
Due To Other Funds	-	17,840	500	-	105,858	-	-	-	-	124,198
Due To Other Governmental Units	-	-	-	-	392,921	-	-	-	-	392,921
Other Liabilities	7,644	26,937	-	28,521	-	-	-	-	-	63,102
Leases Payable	-	-	-	-	-	-	7,959	-	-	7,959
Deferred Revenue	-	-	-	1,457	-	-	-	-	-	1,457
Notes Payable	-	-	-	-	-	-	74,800	-	-	74,800
Bonds Payable	-	-	-	-	-	-	130,000	-	-	130,000
Compensated Absences	-	-	-	-	-	-	79,899	-	-	79,899
TOTAL LIABILITIES	13,243	101,460	4,950	76,907	498,779	-	292,658	-	-	987,997
FUND EQUITY AND OTHER CREDITS:										
Investment in General Fixed Assets	-	-	-	-	-	4,410,351	-	-	-	4,410,351
Contributed Equity	-	-	-	4,223,777	-	-	-	-	-	4,223,777
Retained Earnings	-	-	-	5,034,473	-	-	-	-	-	5,034,473
Fund Balance:										
Undesignated	265,416	417,361	-	-	458,943	-	-	-	-	1,141,720
Designated for Debt Service	-	-	1	-	-	-	-	-	-	1
Designated for Capital Projects	85,307	-	-	-	-	-	-	-	-	85,307
TOTAL FUND EQUITY AND OTHER CREDITS	350,723	417,361	1	9,258,250	458,943	4,410,351	-	-	-	14,895,629
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$ 363,966	\$ 518,821	\$ 4,951	\$ 9,335,157	\$ 957,722	\$ 4,410,351	\$ 292,658	\$ -	\$ -	\$ 15,883,626

The notes to financial statements are an integral part of this statement.

KINROSS CHARTER TOWNSHIP
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 ALL GOVERNMENTAL FUND TYPES
 For the Year Ended March 31, 2004

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
REVENUES:				
Taxes	\$ 100,196	\$ 264,759	\$ -	\$ 364,955
Licenses and Permits	136	-	-	136
Federal Sources	-	52,984	-	52,984
State Sources	515,003	36,791	-	551,794
Charges For Services	2,745	824,419	-	827,164
Interest and Rents	19,464	198,305	7	217,776
Rentals and Leases	-	3,658	-	3,658
Donations	-	2,348	-	2,348
Refunds and Reimbursements	8,372	141,153	-	149,525
Other	500	-	-	500
TOTAL REVENUES	646,416	1,524,417	7	2,170,840
EXPENDITURES:				
Legislative	10,846	-	-	10,846
General Government	384,025	437	-	384,462
Public Safety	-	279,073	-	279,073
Public Works	2,996	-	-	2,996
Health & Welfare	-	884,432	-	884,432
Highways & Streets	-	75,003	-	75,003
Recreation	-	20,325	-	20,325
Capital Outlay	19,962	114,350	-	134,312
Debt Service	-	63,666	50,200	113,866
Other Expenditures	52,684	112,684	-	165,368
TOTAL EXPENDITURES	470,513	1,549,970	50,200	2,070,683
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	175,903	(25,553)	(50,193)	100,157
OTHER FINANCING SOURCES (USES):				
Sale of Fixed Assets	6,250	101,872	-	108,122
Operating Transfers In	800	176,056	50,193	227,049
Operating Transfers Out	(206,791)	(234,367)	-	(441,158)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(23,838)	18,008	-	(5,830)
FUND BALANCES, APRIL 1	374,561	399,353	1	773,915
FUND BALANCES, MARCH 31	\$ 350,723	\$ 417,361	\$ 1	\$ 768,085

The notes to financial statements are an integral part of this statement.

KINROSS CHARTER TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL -
GENERAL AND SPECIAL REVENUE FUNDS
Year Ended March 31, 2004

	General			Special Revenue		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Taxes	\$ 90,620	\$ 100,196	\$ 9,576	\$ 224,133	\$ 264,759	\$ 40,626
Licenses and Permits	-	136	136	-	-	-
Federal Sources	-	-	-	51,235	52,984	1,749
State Sources	580,000	515,003	(64,997)	365,866	36,791	(329,075)
Charges For Services	2,150	2,745	595	925,668	824,419	(101,249)
Interest and Rents	15,200	19,464	4,264	187,138	198,305	11,167
Rentals and Leases	-	-	-	-	3,658	3,658
Donations	-	-	-	2,000	2,348	348
Refunds and Reimbursements	5,845	8,372	2,527	115,750	141,153	25,403
Other	-	500	500	250	-	(250)
TOTAL REVENUES	693,815	646,416	(47,399)	1,872,040	1,524,417	(347,623)
EXPENDITURES:						
Legislative	12,000	10,846	1,154	-	-	-
General Government	418,259	384,025	34,234	1,033	437	596
Public Safety	-	-	-	294,986	279,073	15,913
Public Works	4,200	2,996	1,204	-	-	-
Health & Welfare	-	-	-	917,560	884,432	33,128
Highways & Streets	-	-	-	101,700	75,003	26,697
Recreation	-	-	-	24,897	20,325	4,572
Capital Outlay	23,700	19,962	3,738	530,484	114,350	416,134
Debt Service	-	-	-	35,685	63,666	(27,981)
Other Expenditures	59,675	52,684	6,991	130,251	112,684	17,567
TOTAL EXPENDITURES	517,834	470,513	47,321	2,036,596	1,549,970	486,626
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	175,981	175,903	(78)	(164,556)	(25,553)	139,003
OTHER FINANCING SOURCES (USES):						
Sale of Fixed Assets	-	6,250	6,250	102,100	101,872	(228)
Operating Transfers In	95,205	800	(94,405)	430,175	176,056	(254,119)
Operating Transfers Out	(271,186)	(206,791)	64,395	(257,719)	(234,367)	23,352
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	(23,838)\$	(23,838)\$	110,000	18,008 \$	(91,992)
FUND BALANCES, APRIL 1		374,561			399,353	
FUND BALANCES, MARCH 31		\$ 350,723			\$ 417,361	

The notes to financial statements are an integral part of this statement.

KINROSS CHARTER TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
Year Ended March 31, 2004

	Proprietary Fund Type	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Pension Trust	
REVENUES:			
Charges For Services	\$ 1,505,645	\$ -	\$ 1,505,645
Interest and Rents	152,921	-	152,921
Contributions	4,333	64,473	68,806
Sale of Fixed Assets	19,483	-	19,483
Donations	3,970	-	3,970
Refunds and Reimbursements	47,217	-	47,217
Other	36,166	-	36,166
TOTAL REVENUES	1,769,735	64,473	1,834,208
EXPENSES:			
Operating Expenses:			
Cost of Goods Sold	25,826	-	25,826
Salaries	710,675	-	710,675
Employee Benefits	245,017	19,071	264,088
Refund/reimbursements	2,893	-	2,893
Fees for Services	209,178	-	209,178
Equipment Rental	9,092	-	9,092
Depreciation	397,240	-	397,240
Printing	1,782	-	1,782
Advertising	12,234	-	12,234
Supplies	135,031	-	135,031
Uniforms	6,700	-	6,700
Insurance	59,849	-	59,849
Education	1,847	-	1,847
Medical	1,019	-	1,019
Bad debts	3,194	-	3,194
Repairs and Maintenance	176,166	-	176,166
Membership fees	2,954	-	2,954
Utilities	221,416	-	221,416
Transportation	3,038	-	3,038
Other	20,238	-	20,238
TOTAL EXPENSES	2,245,389	19,071	2,264,460
OPERATING INCOME(LOSS)	(475,654)	45,402	(430,252)

The notes to financial statements are an integral part of this statement.

KINROSS CHARTER TOWNSHIP
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN RETAINED EARNINGS
 ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
 Year Ended March 31, 2004

	Proprietary Fund Type	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Pension Trust	
NON-OPERATING REVENUES (EXPENSES):			
Interest on Deposits	\$ 31,027	\$ -	\$ 31,027
Interest expense	-	-	-
Gain/(Loss)	-	83,051	83,051
Operating Transfers In	268,262	-	268,262
Operating Transfers Out	(54,153)	-	(54,153)
NET INCOME(LOSS)	(230,518)	128,453	(102,065)
RETAINED EARNINGS/FUND BALANCES, APRIL 1	5,264,991	330,490	5,595,481
RETAINED EARNINGS/FUND BALANCES, MARCH 31	<u>\$ 5,034,473</u>	<u>\$ 458,943</u>	<u>\$ 5,493,416</u>

The notes to financial statements are an integral part of this statement.

KINROSS CHARTER TOWNSHIP
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
Year Ended March 31, 2004

	Proprietary Fund Type <u>Enterprise</u>
Cash Flows from Operating Activities:	
Operating Income (Loss)	\$ (475,654)
Depreciation	397,240
(Increase)/Decrease in Assets	
Receivables	(10,890)
Due from Other Funds	(913)
Inventory	(1,403)
Prepays	(3,884)
Other Assets	(549)
Increase/(Decrease) in Liabilities	
Accounts Payable	(6,601)
Due to Other Funds	(87,226)
Deferred Revenue	(3,571)
Other Liabilities	2,287
Net Cash Provided (Used) by Operating Activities	<u>(191,164)</u>
Cash Flows from Non-Capital and Related Financing Activities:	
Operating Transfers In	268,262
Operating Transfers Out	<u>(54,153)</u>
Net Cash Provided (Used) in Non-Capital and Related Financing Activities	<u>214,109</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase/Transfer of Fixed Assets	<u>(165,243)</u>
Net Cash Provided (Used) in Capital and Related Financing Activities	<u>(165,243)</u>
Cash Flows from Investing Activities:	
Interest Received	<u>31,027</u>
Net Cash Provided (Used) in Investing Activities	<u>31,027</u>
Net Increase (Decrease) in Cash	(111,271)
Cash, Beginning of Year	<u>852,848</u>
Cash, End of Year	<u>\$ 619,431</u>
Interest Paid	<u>\$ -</u>

The notes to financial statements are an integral part of this statement.

KINROSS CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

NOTE A - REPORTING ENTITY:

The accounting methods and procedures adopted by Kinross Charter Township conform to accounting principles generally accepted in the United States of America as applied to governmental entities. The following notes to the financial statements are an integral part of the Township's general purpose financial statements.

The Kinross Charter Township was organized under the provisions of the Michigan constitution. The Township is operated under a legislative form of government and provides services to its residents in many areas including: fire, ambulance, police protection, community development and enrichment, parks and recreation, public works, and general administrative services.

As required by accounting principles generally accepted in the United States of America, the general purpose financial statements of the reporting entity include those of Kinross Charter Township (primary government) and its component units. The component units discussed below are included in the Township's reporting entity because of the significance of their operational or financial relationships with the Township.

COMPONENT UNITS:

In conformity with accounting principles generally accepted in the United States of America, the financial statements of the component units have been included in the financial reporting entity as blended component units.

Kinross Township Building Authority - The Authority is an entity legally separate from the Township. The Authority is governed by a board appointed by the Kinross Township Board of Trustees and is reported as if it were part of the Township's operations because its primary purpose is the procurement and management of debt financing for the Township.

Kinross Township Economic Development Corporation - The Corporation is a legally separate non-profit corporation whose primary purpose is to promote economic development in Kinross Township. The board of the Kinross Township Economic Development Corporation is appointed by the Kinross Township Board of Trustees. The Corporation's annual budget is subject to the approval of the Kinross Township Board of Trustees and is financially accountable to the Township.

Kinross Brownsfield Redevelopment Authority - The Authority is an entity legally separate from the Township. The Authority is governed by a board appointed by the Kinross Board of Trustees and is reported as if it were part of the Township's operations because it is financially accountable to the Township. There has been no activity during fiscal year 2004.

KINROSS CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of Kinross Charter Township conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

(1) Fund Accounting - The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. The various funds are grouped in the financial report into four broad fund and group categories, and seven generic fund and group types as follows:

GOVERNMENTAL FUND TYPES:

General Fund - The General Fund is the primary operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The 1992 Building Authority Bond Fund is used to receive lease payments from the Golf Course which serve to pay off the outstanding bond debt. The Debt Service Fund is used to pay the Energy Conservation note.

PROPRIETARY FUND TYPES:

Enterprise Funds - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises-where the interest of the governing body is that costs of providing goods or services to the general public on a continuing basis be financed primarily through user charges.

FIDUCIARY FUND TYPES:

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the Township in trustee capacity or as an agent for other governments. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of operations.

Pension Trust - Pension Trust Fund is accounted for in essentially the same manner as proprietary funds since capital maintenance is critical.

ACCOUNT GROUPS:

General Fixed Assets Account Group - The General Fixed Assets Account Group presents the fixed assets of the Township except for such fixed assets recorded in the Proprietary Funds.

KINROSS CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

General Long-Term Debt Account Group - The General Long-Term Debt Account Group presents the balance of general obligation long-term debt except for such debt recorded in the Proprietary Funds.

(2) Basis of Accounting - Basis of Accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made regardless of the measurement focus applied.

a. All Governmental Fund Types are accounted for using the modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenues when both "measurable and available". Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred.

b. All Proprietary Funds are accounted for using the accrual basis of accounting; recognizing revenue when earned and expenses when incurred.

c. All Fiduciary Agency Funds are accounted for using the modified accrual basis of accounting, except for Pension Trust Funds, which are using the accrual basis. These funds are limited to the collection of amounts which are subsequently returned or paid to third parties.

(3) Budgets and Budgetary Accounting - Except as noted, all fund types and funds are under direct or superintending budgetary control of the Township Board.

Certain fund budgets are controlled by other boards of directors and/or department heads and certain program budgets.

Governing boards or commissions and/or department heads responsible for certain fund budgets transmit the budgetary information to the Township Board for review and inclusion in the Township's General and Special Appropriations Acts as required by the Uniform Budgeting and Accounting Act and Michigan Public Act 621 of 1978.

In accordance with the Uniform Budgeting and Accounting Act, the Township Board is responsible for all Township funds. Budgeted amounts are as originally adopted or amended by the Township Board during the year. Individual amendments were not material in relation to the original appropriations which were amended. The modified accrual basis of accounting is used for budgetary purposes.

The Township, through the Supervisor and Treasurer, follows the requirements of the Uniform Budgeting and Accounting Act in preparation and execution of its annual budget. Any violations are disclosed in audits of the Township's financial statements as required by law.

Budgets for the Township's fund types and funds are adopted on a basis consistent with generally accepted accounting principles.

The budget and approved appropriations lapse at the end of the fiscal year.

KINROSS CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(4) Cash and Cash Equivalents - Cash and cash equivalents consist of demand deposits, cash in savings, money market accounts, and certificates of deposit with original maturities of three months or less from the date of acquisition. Cash balances are invested to the extent available in certificates of deposit and other authorized investments. Earnings from these investments are recorded in the individual funds as operating revenue. Investments are stated at cost which approximates market value.

(5) Property and Equipment - Property and equipment are stated at cost, or if donated, fair market value. Expenditures which materially extend the useful life of existing properties or equipment are capitalized. All costs relating to construction of facilities and new equipment preparation requiring the Township's force wages, fringe benefits, materials, and bond interest costs are capitalized. Certain governmental improvements, including roads, bridges and drains are not capitalized. General fixed assets are recorded as expenditures at the time of purchase.

All Proprietary Funds utilize the straight-line method of depreciation for improvements, buildings and equipment over the estimated useful lives of the assets.

(6) Property Taxes - Current property taxes are levied as of December 1 each year and attach an enforceable lien on the property; due and collected no later than March 1 of the current fiscal year and therefore, revenues are recorded in the current year. Any taxes collected and unpaid to other governmental units as of March 31, are normally held in a trust and agency fund.

(7) Compensated Absences - The current portion of compensated absences benefits are recorded as expenditures in governmental funds when incurred. The remainder of the liability is reported in the general long-term debt account group.

(8) Total Columns on Combined Statements - Total columns on the combined statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Consolidation requires that interfund eliminations be made in the aggregation of this data.

(9) Use of Estimates in the Preparation of Financial Statements - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(10) Inventories - Inventories are valued at cost in proprietary fund types. The cost of inventories in governmental fund types are recorded as expenditures when purchased.

(11) Prepaid Items - Payments made to vendors for services that will benefit periods beyond March 31, 2004, are recorded as prepaid items.

KINROSS CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(12) GASB 20 - As allowed by Government Accounting Standards Board (GASB) Statement No. 20, the Township follows all GASB pronouncements and Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with GASB pronouncements.

NOTE C - CASH AND CASH EQUIVALENTS:

The composition of cash and cash equivalents as reported in the combined balance sheet are presented below:

<u>Balance Sheet Accounts</u>	<u>Amount</u>	<u>Cash Items</u>	<u>Amount</u>
Cash & equivalents- unrestricted	\$ 2,078,258	Imprest	\$ 420
Cash & equivalents- restricted	<u>67,267</u>	Savings, Checking & Cert. of Deposit	1,108,977
		Investments*	<u>1,036,128</u>
TOTALS	<u>\$ 2,145,525</u>		<u>\$ 2,145,525</u>

* Refer to Note D - Investments for detail.

Statutory Authority:

Michigan law (Public Act 20 of 1943, as amended) authorizes the Township to deposit and invest in one or more of the following:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution that is eligible to be a depository of funds belonging to the State under a law or rule of this State or the United States.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures not more than 270 days after the date of purchase.
- d. Repurchase agreements consisting of instruments listed in a.
- e. Bankers acceptance of United States banks.
- f. Obligations of this State or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- g. Mutual funds registered under the investment company act of 1940, Title I of Chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.

KINROSS CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

NOTE C - CASH AND CASH EQUIVALENTS: (Continued)

- h. Obligation described in a. through g. if purchased through an interlocal agreement under the urban cooperations act of 1967, 1967(Ex Sess) PA 7, MCL 124.501 to 124.512.
- i. Investment pools organized under the surplus funds investment pool act, 1982 PA 367, 129.111 to 129.118.
- j. The investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150.

The Township's deposits are in accordance with statutory authority.

The risk disclosures for the Township's deposits, as required by the Governmental Accounting Standards Board (GASB) Statement No. 3, are as follows:

	<u>Insured</u>	<u>Uninsured</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
Savings, Checking & Certificates	<u>\$ 424,950</u>	<u>\$ 1,280,643</u>	<u>\$ 1,705,593</u>	<u>\$ 1,108,977</u>

NOTE D - INVESTMENTS:

The Township's investments are categorized below to give an indication of the level of risk assumed by the Township at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Township or its agent in the Township's name. Category 2 includes uninsured and unregistered investment for which the securities are held by the broker's or dealer's trust department or agent in the Township's name. Category 3 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the Township's name.

<u>Investment Type</u>	<u>Category</u>			<u>Carrying Amount/ Cost/ Amortized Cost</u>	<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Total Risk- Categorized Investments: Government Securities	<u>\$ -</u>	<u>\$ 577,185</u>	<u>\$ -</u>	\$ 577,185	\$ 579,851
Assets Held By: Pension Trust Fund Administrator				<u>458,943</u>	<u>458,943</u>
Total Investment				<u>\$1,036,128</u>	<u>\$1,038,794</u>

The nature of mutual funds does not allow for risk categorization, which is in accordance with GASB Statement No. 3.

KINROSS CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

NOTE E - RECEIVABLES:

	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	<u>Total</u>
Receivables:				
Accounts (net)	\$ 1,156	\$ 103,030	\$ 137,869	\$ 242,055
Interest	3,263	1,213	5,131	9,607
Leases	-	5,072	-	5,072
Due from Others	31,301	16,210	2,598	50,109

An allowance for uncollectible ambulance receivables of \$137,799 is included with the Ambulance Fund accounts receivable.

NOTE F - INTERFUND RECEIVABLES/PAYABLES:

During the course of its operations, the Township has numerous transactions between funds to finance operations, provide services, construct assets and service debt. To the extent that certain transactions between funds had not been paid or received as of March 31, 2004, balances of interfund accounts receivable or payable have been recorded.

The amounts of interfund receivables and payables at March 31, 2004, are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Fund</u>	<u>Interfund Payables</u>
General	\$ 47,566	Building Authority	\$ 500
Golf Course	500	Tax Collection	105,858
Public Works	913	Police Fund	5,140
Road Maintenance	20,234	Snowmobile Trail Grooming	12,700
Police	<u>54,985</u>		
 TOTALS	 <u>\$ 124,198</u>		 <u>\$ 124,198</u>

NOTE G - OPERATING TRANSFERS IN AND OUT:

A reconciliation of the operating transfers is as follows:

All Governmental Fund Types:	
Total operating transfers in	\$ 227,049
Total operating transfers out	(441,158)
All Proprietary Fund Types:	
Total operating transfers in	268,262
Total operating transfers out	<u>(54,153)</u>
 RECONCILED DIFFERENCES	 <u>\$ -</u>

KINROSS CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

NOTE H - GENERAL FIXED ASSETS:

The changes in components of the general fixed assets account group can be summarized as follows:

	Balance 04/01/03	Additions	Disposals	Balance 03/31/04
Land	\$ 189,507	\$ -	\$ -	\$ 189,507
Land improvements	242,446	13,808	2,562	253,692
Building	2,418,938	22,569	2,760	2,438,747
Machinery & equipment	647,860	34,626	7,000	675,486
Vehicles	528,172	56,858	-	585,030
Office equipment	117,322	3,237	-	120,559
Leased assets	<u>144,115</u>	<u>3,215</u>	<u>-</u>	<u>147,330</u>
INVESTMENT IN GENERAL FIXED ASSETS	<u>\$ 4,288,360</u>	<u>\$ 134,313</u>	<u>\$ 12,322</u>	<u>\$ 4,410,351</u>

NOTE I - PROPRIETARY FUND TYPE FIXED ASSETS:

A summary of proprietary fund type fixed assets at March 31, 2004 is as follows:

	Balance 04/01/03	Additions	Disposals	Balance 03/31/04
Land	\$ 469,014	\$ -	\$ -	\$ 469,014
Land improvements	1,815,899	65,222	-	1,881,121
Buildings	6,541,362	4,854	-	6,546,216
Equipment	1,864,682	142,043	86,400	1,920,325
State projects	1,151,397	-	-	1,151,397
Water system	1,081,915	53,548	84,266	1,051,197
Sewer system	<u>2,649,844</u>	<u>70,548</u>	<u>-</u>	<u>2,720,392</u>
Total Cost	15,574,113	336,215	170,666	15,739,662
Less: Accumulated Depreciation	<u>(6,741,620)</u>	<u>(602,141)</u>	<u>125,553</u>	<u>(7,218,208)</u>
TOTALS	<u>\$ 8,832,493</u>	<u>\$ (265,926)</u>	<u>\$ 45,113</u>	<u>\$ 8,521,454</u>

KINROSS CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

NOTE J - SCHEDULE OF CONTRIBUTED EQUITY:

Changes in contributed equity recorded in the Enterprise Fund types for the year ended March 31, 2004, consist of the following:

	Chippewa County Fairgrounds	Golf Course	Public Works	Totals
Balance - April 1, 2003	\$ 368,292	\$ 685,063	\$ 3,371,608	\$ 4,424,963
Deduct: Depreciation of assets purchased from contributed equity	<u>(39,190)</u>	<u>(20,367)</u>	<u>(141,629)</u>	<u>(201,186)</u>
BALANCE - March 31, 2004	<u>\$ 329,102</u>	<u>\$ 664,696</u>	<u>\$ 3,229,979</u>	<u>\$ 4,223,777</u>

NOTE K - LONG-TERM DEBT:

Long-term debt at March 31, 2004, consists of the following:

	Balance 04/01/03	Additions	Disposals	Balance 03/31/04
<u>General Long-Term Debt:</u>				
Building Authority Construction Bonds, Series 1992, due in annual installments of \$20,000 to \$45,000 through October 1, 2006; interest variable from 4% to 7%	\$ 170,000	\$ -	\$ 40,000	\$ 130,000
USDA Loan, due in annual install- ments of \$3,700 to \$7,000 through May 1, 2017; interest at 4.75%	78,500	-	3,700	74,800
Accrued sick leave and vacation	<u>74,851</u>	<u>5,048</u>	<u>-</u>	<u>79,899</u>
TOTAL LONG TERM DEBT OBLIGATIONS	<u>\$ 323,351</u>	<u>\$ 5,048</u>	<u>\$ 43,700</u>	<u>\$ 284,699</u>

COMPENSATED ABSENCES:

The Township employment policies provide for vacation benefits to be earned in varying amounts depending on the employee's years of service. The annual vacation benefits earned by each employee during the current year are credited to the employee at the end of each pay period. Employees are encouraged to use vacation benefits during current years. The Township allows employees to accrue vacation up to a maximum of 240 hours. The Township's employment policies provide for sick leave benefits to be earned at the rate of four hours per every 80 hours worked. When Township employees separate from Township employment the employee will receive payment for their sick time for each day accumulated up to a maximum of 80 hours.

KINROSS CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

NOTE K - LONG-TERM DEBT: (Continued)

Total accrued sick leave and vacation at March 31, 2004 amounted to \$79,899 as follows:

Accrued Vacation	\$ 42,466
Accrued Sick Leave	<u>37,433</u>
Total Accrued Sick Leave and Vacation	<u>\$ 79,899</u>

Debt Service Requirements:

The annual requirements to pay principal and interest based on debt outstanding at March 31, 2004 (exclusive of accrued vacation and sick leave) are as follows:

	<u>General Long-Term Debt Group of Accounts</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2005	\$ 43,900	\$ 11,060	\$ 54,960
2006	49,100	7,996	57,096
2007	49,300	4,645	53,945
2008	4,500	2,862	7,362
2009	4,700	2,643	7,343
2010 - 2014	26,900	9,583	36,483
2015 - 2018	<u>26,400</u>	<u>2,575</u>	<u>28,975</u>
TOTALS	<u>\$ 204,800</u>	<u>\$ 41,364</u>	<u>\$ 246,164</u>

NOTE L - CAPITAL LEASES:

The Township leases an ambulance under a capital lease with a yearly lease payment of \$8,072, including an interest rate of 8.00%. The economic substance of the lease is that the Township is financing the acquisition of the asset through the lease and, accordingly, it is recorded in the Township's general fixed asset account group.

The following is a schedule, by year, of future minimum payments required under the lease, together with their present value as of March 31, 2004:

2005	\$ 8,072
2006	<u>-</u>
Total minimum lease payments	8,072
Less amount representing interest	<u>(113)</u>
Present value of minimum lease payments	<u>\$ 7,959</u>

KINROSS CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

NOTE M - PROPERTY TAXES:

The Township property tax is levied each December 1 on the assessed valuation of property located in the Township as of the preceding December 31. Assessed values are established annually by the Township and are equalized by the State at an estimated 50 percent of current market value. Real and personal property in Kinross Township for the 2003 levy was assessed at a taxable value of \$34,944,727. The Township operating tax rate is currently 1.6425 mills and current road millage is 1.4932 mills. The Township also operates a special assessment district for police protection. Current calculations are as follows:

	<u>General Fund</u>	<u>Road</u>	<u>Police</u>
Taxable value	\$ 34,944,727	\$ 34,944,727	\$ 17,622,024
Millage rate	1.6425	1.4932	8.940
Total property taxes	57,397	52,179	-
Amended property taxes	56,971	52,588	-
Special assessments	-	-	157,541

NOTE N - SEGMENT INFORMATION:

The Township has five Enterprise Funds established for the operation of its race track, golf course, parks and recreation areas, fairgrounds and public works facility. Segment information for these funds is summarized below:

	<u>Recreation Center</u>	<u>Chippewa County Fairgrounds</u>	<u>Race Track</u>	<u>Golf Course</u>	<u>Public Works</u>
Operating revenue	\$ 48,511	\$ 37,151	\$ -	\$ 331,377	\$ 1,352,696
Depreciation	23,063	9,198	-	39,413	325,566
Operating income (loss)	(108,804)	(34,118)	-	(27,140)	(305,592)
Operating transfers - net	85,965	49,235	(3,960)	82,869	-
Net income (loss)	(22,839)	15,692	(3,960)	55,729	(275,140)
Fixed asset additions	6,825	3,857	(3,857)	3,269	155,149
Net working capital	15,018	45,277	-	12,082	644,419
Total assets	230,917	570,242	-	1,136,094	7,397,904
Total equity	225,737	568,277	-	1,130,971	7,333,265

NOTE O - PENSION PLAN:

The defined contribution plan through the Manufacturers Life Insurance Company of Kinross Charter Township is available to elected Township officials, full time employees and other employees designated by the Township Board. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual accounts are to be determined rather than specifying the amount of benefits the individual is to receive. Such benefits depend solely on the amount contributed to the participant's account, the returns earned on investments of these contributions, and the forfeitures of the other participant's benefits prior to vesting. The plan is funded at a rate of 5% of eligible compensation and is available to employees after a period of 4 years, at which time they become vested. Employees may voluntarily contribute 1 to 95% of compensation as established by the Township.

KINROSS CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

NOTE O - PENSION PLAN: (Continued)

The Plan may be amended yearly by the Township. The Township's current year contribution to the plan amounts to \$53,907. Total wages of participating employees amounted to \$1,180,387 for the year ended March 31, 2004. Total wages for all employees amounted to \$1,581,549 for the year ended March 31, 2004.

NOTE P - CONTINGENT LIABILITIES:

Risk Management - The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The government was unable to obtain general liability insurance at a cost it considered to be economically justifiable. The Township joined together with other governments and created a public entity risk pool currently operating as a common risk management and insurance program. The government pays an annual premium to the pool for its general insurance coverage. The agreement provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$50,000 for each insured event.

The government continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. The government is unable to provide an estimate of the amounts of additional assessments.

NOTE Q - EXCESS EXPENDITURES OVER APPROPRIATIONS:

Public Act 621 of 1978, Section 18, (1) as amended, provides that a Township shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the General and Special Revenue Funds have been shown on a functional basis. The approved budgets of the Township for those funds were adopted on an activity and/or program level. During the year ended March 31, 2004, the Township incurred expenditures which were materially in excess of the amounts appropriated as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Special Revenue Fund:			
Ambulance:			
Debt Service	\$ 34,825	\$ 62,813	\$ (27,988)

KINROSS CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

NOTE R - LEASES RECEIVABLE:

Kinross Charter Township is a lessor in numerous lease agreements. The Township recorded revenue from its leases totaling \$186,730 for the fiscal year ended March 31, 2004. The Township's future minimum payments receivable for the leasing of buildings and land, accounted for as operating leases at March 31, 2004 are as follows:

<u>Leased Asset</u>	<u>Fiscal Year Ending March 31</u>				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009 Thereafter</u>
Building 127	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 180,000
Building 300	15,283	15,551	-	-	-
Building 303	4,574	-	-	-	-
Building 308	49,317	49,317	49,317	24,659	-
Building 313 - Assembly of God	5,000	-	-	-	-
Building 313 - Curves for Women	5,400	5,400	5,400	4,500	-
Building 316	987	-	-	-	-
Building 346	4,210	4,210	4,210	1,052	-
Building 351	4,412	2,941	-	-	-
Building 354	13,770	14,400	14,400	14,400	18,000
Land - Century Tel	1,050	1,050	1,050	1,050	1,050
Clubhouse - Frank Lalonde & Sons	3,658	3,658	3,658	3,658	7,315
Tower-Cellular One	<u>4,428</u>	<u>4,516</u>	<u>1,515</u>	<u>-</u>	<u>-</u>
TOTAL	<u>\$ 172,089</u>	<u>\$ 161,043</u>	<u>\$ 139,550</u>	<u>\$ 109,319</u>	<u>\$ 206,365</u>

GENERAL FUND

The general fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

KINROSS CHARTER TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
Year Ended March 31, 2004

With Comparative Actual Amounts for Year Ended March 31, 2003

	Budget	Actual	Variance- Favorable (Unfavorable)	2003
REVENUES:				
Taxes	\$ 90,620	\$ 100,196	\$ 9,576	\$ 92,428
Licenses and Permits	-	136	136	1,151
State Sources	580,000	515,003	(64,997)	580,260
Charges For Services	2,150	2,745	595	4,765
Interest and Rents	15,200	19,464	4,264	18,929
Refunds and Reimbursements	5,845	8,372	2,527	5,261
Other	-	500	500	50
TOTAL REVENUES	693,815	646,416	(47,399)	702,844
EXPENDITURES:				
Legislative:				
Township Board	12,000	10,846	1,154	9,741
General Government:				
Supervisor	56,020	54,602	1,418	80,914
Professional	147,275	144,258	3,017	133,556
Elections	700	485	215	2,179
Clerk	40,100	33,853	6,247	42,286
Assessor	26,032	21,019	5,013	40,212
Accounting	29,325	29,238	87	27,442
Treasurer	35,475	34,897	578	33,337
Township Hall	47,160	39,242	7,918	46,300
Board of Review	1,890	1,055	835	925
Cemetary	3,150	2,262	888	2,947
Planning and Zoning	31,132	23,114	8,018	9,855
Safety Administrator	-	-	-	15,741
Total general government	418,259	384,025	34,234	435,694
Public Works:				
Highways, Streets, and Bridges	4,200	2,996	1,204	8,116
Capital Outlay:				
Equipment	-	15,000	(15,000)	11,641
Buildings & Building Improvements	-	4,962	(4,962)	27,272
Land	23,700	-	23,700	70,649
Total capital outlay	23,700	19,962	3,738	109,562
Other Expenditures	59,675	52,684	6,991	35,720
TOTAL EXPENDITURES	517,834	470,513	47,321	598,833

KINROSS CHARTER TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
Year Ended March 31, 2004

With Comparative Actual Amounts for Year Ended March 31, 2003

	Budget	Actual	Variance- Favorable (Unfavorable)	2003
EXCESS OF REVENUES OVER EXPENDITURES	175,981	175,903	(78)	104,011
OTHER FINANCING SOURCES (USES):				
Sale of Fixed Assets	-	6,250	6,250	-
Operating Transfers In	95,205	800	(94,405)	-
Operating Transfers Out	(271,186)	(206,791)	64,395	(160,208)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>(23,838)</u>	<u>\$ (23,838)</u>	<u>(56,197)</u>
FUND BALANCE, APRIL 1		374,561		430,758
FUND BALANCE, MARCH 31		<u>\$ 350,723</u>		<u>\$ 374,561</u>

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

KINROSS CHARTER TOWNSHIP
Special Revenue Funds
COMBINING BALANCE SHEET
March 31, 2004

With Comparative Totals at March 31, 2003

	FIRE	AMBULANCE	PROPERTY MANAGEMENT	DRUG FORFEITURE	EDC	ROAD MAINTENANCE MILLAGE	SNOWMOBILE TRAIL GROOMING	POLICE	2004	2003
ASSETS:										
Cash & Equivalents-unrestricted	\$ 26,264	\$ -	\$ 10,036	\$ 596	\$ -	\$ 62,190	\$ 14,633	\$ 113,721	\$ 227,440	\$ 360,002
Cash & Equivalents-restricted	-	-	67,267	-	-	-	-	-	67,267	-
Accounts Receivable (net)	114	102,916	-	-	-	-	-	-	103,030	115,920
Loans Receivable	-	-	-	-	-	-	-	-	-	6,422
Interest Receivables	-	-	1,213	-	-	-	-	-	1,213	617
Lease Receivables	-	-	5,072	-	-	-	-	-	5,072	2,760
Due From Other Funds	-	-	-	-	-	20,234	-	54,985	75,219	440
Due From Governmental Units	-	-	-	-	-	-	8,245	7,965	16,210	25,372
Prepays	2,426	14,503	1,334	-	-	-	515	4,592	23,370	21,508
TOTAL ASSETS	\$ 28,804	\$ 117,419	\$ 84,922	\$ 596	\$ -	\$ 82,424	\$ 23,393	\$ 181,263	\$ 518,821	\$ 533,041
LIABILITIES:										
Accounts Payable	\$ 1,117	\$ 7,687	\$ 11,591	\$ -	\$ -	\$ 35,000	\$ 202	\$ 1,086	\$ 56,683	\$ 10,332
Due To Other Funds	-	-	-	-	-	-	12,700	5,140	17,840	96,176
Other Liabilities	1,268	18,450	912	-	-	-	150	6,157	26,937	27,180
TOTAL LIABILITIES	2,385	26,137	12,503	-	-	35,000	13,052	12,383	101,460	133,688
FUND EQUITY:										
Fund Balance:	26,419	91,282	72,419	596	-	47,424	10,341	168,880	417,361	399,353
Undesignated	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND EQUITY	\$ 28,804	\$ 117,419	\$ 84,922	\$ 596	\$ -	\$ 82,424	\$ 23,393	\$ 181,263	\$ 518,821	\$ 533,041

KINROSS CHARTER TOWNSHIP
Special Revenue Funds
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended March 31, 2004

With Comparative Totals at March 31, 2003

	FIRE	AMBULANCE	PROPERTY MANAGEMENT	DRUG FORFEITURE	EDC	ROAD MAINTENANCE MILLAGE	SNOWMOBILE TRAIL GROOMING	POLICE	2004	2003
REVENUES:										
Taxes	\$ 4,336	\$ 4,336	\$ -	\$ -	\$ -	\$ 60,214	\$ -	\$ 195,873	\$ 264,759	\$ 243,511
Federal Sources	-	-	-	-	-	8,011	-	44,973	52,984	137,587
State Sources	7,743	90	-	-	-	-	-	3,928	36,791	71,326
Charges For Services	225	820,591	-	1,033	-	-	25,030	2,554	824,419	682,325
Interest and Rents	781	-	190,984	-	-	2,460	16	4,080	198,305	192,473
Rentals and Leases	-	-	3,658	-	-	-	-	-	3,658	3,657
Donations	66	2,282	-	-	-	-	-	-	2,348	1,887
Refunds and Reimbursements	-	93,251	2,463	-	-	-	1,639	43,800	141,153	140,264
TOTAL REVENUES	13,151	920,550	197,105	1,033	-	70,685	26,685	295,208	1,524,417	1,473,030
EXPENDITURES:										
General Government	-	-	-	437	-	-	-	-	437	-
Public Safety	31,619	-	-	-	-	-	-	247,454	279,073	301,611
Health & Welfare	-	884,432	-	-	-	-	-	-	884,432	738,196
Highways & Streets	-	-	-	-	-	75,003	-	-	75,003	74,331
Recreation	-	-	-	-	-	-	20,325	-	20,325	14,448
Capital Outlay	8,723	65,375	34,016	-	-	-	-	6,236	114,350	252,771
Debt Service	853	62,813	-	-	-	-	-	-	63,666	44,790
Other Expenditures	-	-	105,645	-	7,039	-	-	-	112,684	150,765
TOTAL EXPENDITURES	41,195	1,012,620	139,661	437	7,039	75,003	20,325	253,690	1,549,970	1,576,912
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(28,044)	(92,070)	57,444	596	(7,039)	(4,318)	6,360	41,518	(25,553)	(103,882)
OTHER FINANCING SOURCES (USES):										
Sale of Fixed Assets	-	-	101,872	-	-	-	-	-	101,872	66,165
Operating Transfers In	28,470	147,586	-	-	-	-	-	-	176,056	5,200
Operating Transfers Out	-	-	(234,367)	-	-	-	-	-	(234,367)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	426	55,516	(75,051)	596	(7,039)	(4,318)	6,360	41,518	18,008	(32,517)
FUND BALANCES, APRIL 1	25,993	35,766	147,470	-	7,039	51,742	3,981	127,362	399,353	431,870
FUND BALANCES, MARCH 31	\$ 26,419	\$ 91,282	\$ 72,419	\$ 596	\$ -	\$ 47,424	\$ 10,341	\$ 168,880	\$ 417,361	\$ 399,353

KINROSS CHARTER TOWNSHIP
FIRE FUND
STATEMENT OF REVENUES/EXPENDITURES-BUDGET AND ACTUAL
Year Ended March 31, 2004

With Comparative Actual Amounts for Year Ended March 31, 2003

	2004			
	Budget	Actual	Variance- Favorable (Unfavorable)	2003
REVENUES:				
Taxes	\$ 3,900	\$ 4,336	\$ 436	\$ 7,692
Federal Sources	-	-	-	17,395
State Sources	3,500	7,743	4,243	5,603
Charges For Services	200	225	25	75
Interest and Rents	-	781	781	2,484
Donations	-	66	66	-
Refunds and Reimbursements	-	-	-	400
TOTAL REVENUES	7,600	13,151	5,551	33,649
EXPENDITURES:				
Public Safety:				
Salaries	9,600	8,397	1,203	7,245
Employee Benefits	1,850	2,678	(828)	1,751
Fees for Services	2,750	2,466	284	6,722
Supplies	2,600	1,632	968	1,993
Uniforms	1,000	510	490	720
Insurance	7,620	6,798	822	5,764
Education	1,000	29	971	567
Medical	1,100	21	1,079	21
Repairs and Maintenance	6,600	3,332	3,268	4,365
Membership fees	-	95	(95)	95
Utilities	8,650	5,661	2,989	10,865
Transportation	300	-	300	-
Other	-	-	-	25
Total public safety	43,070	31,619	11,451	40,133
Capital Outlay:				
Equipment	5,140	7,709	(2,569)	18,908
Buildings & Building Improvements	4,000	1,014	2,986	17,917
Total capital outlay	9,140	8,723	417	36,825
Debt Service:				
Principal Payments	435	430	5	-
Interest Payments	425	423	2	-
Total debt service	860	853	7	-
TOTAL EXPENDITURES	53,070	41,195	11,875	76,958

KINROSS CHARTER TOWNSHIP
FIRE FUND
STATEMENT OF REVENUES/EXPENDITURES-BUDGET AND ACTUAL
Year Ended March 31, 2004

With Comparative Actual Amounts for Year Ended March 31, 2003

	2004			
	Budget	Actual	Variance- Favorable (Unfavorable)	2003
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(45,470)	(28,044)	17,426	(43,309)
OTHER FINANCING SOURCES:				
Operating Transfers In	45,470	28,470	(17,000)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>\$ -</u>	<u>426</u>	<u>\$ 426</u>	<u>(43,309)</u>
FUND BALANCE, APRIL 1		25,993		69,302
FUND BALANCE, MARCH 31		<u>\$ 26,419</u>		<u>\$ 25,993</u>

KINROSS CHARTER TOWNSHIP
AMBULANCE FUND
STATEMENT OF REVENUES/EXPENDITURES-BUDGET AND ACTUAL
Year Ended March 31, 2004

With Comparative Actual Amounts for Year Ended March 31, 2003

	2004			
	Budget	Actual	Variance- Favorable (Unfavorable)	2003
REVENUES:				
Taxes	\$ 3,800	\$ 4,336	\$ 536	\$ 7,692
Federal Sources	-	-	-	81,105
State Sources	-	90	90	-
Charges For Services	921,085	820,591	(100,494)	679,216
Donations	2,000	2,282	282	1,887
Refunds and Reimbursements	62,775	93,251	30,476	13,174
TOTAL REVENUES	989,660	920,550	(69,110)	783,074
EXPENDITURES:				
Health & Welfare:				
Salaries	461,500	459,076	2,424	401,639
Employee Benefits	189,770	187,709	2,061	112,478
Fees for Services	6,450	6,330	120	6,904
Supplies	36,200	34,177	2,023	36,141
Uniforms	2,900	888	2,012	522
Insurance	5,890	5,946	(56)	5,265
Education	24,000	9,880	14,120	700
Medical	500	1,106	(606)	616
Bad debts	149,000	150,620	(1,620)	124,467
Repairs and Maintenance	16,250	10,031	6,219	30,269
Membership fees	300	390	(90)	330
Utilities	12,400	11,775	625	11,741
Transportation	10,000	5,572	4,428	4,525
Other	2,400	932	1,468	2,599
Total health & welfare	917,560	884,432	33,128	738,196
Capital Outlay:				
Equipment	24,875	6,317	18,558	5,730
Buildings & Building Improvements	12,000	2,200	9,800	1,484
Vehicle expense	60,400	56,858	3,542	103,989
Total capital outlay	97,275	65,375	31,900	111,203
Debt Service:				
Principal Payments	29,770	56,393	(26,623)	36,588
Interest expense	5,055	6,420	(1,365)	8,202
Total debt service	34,825	62,813	(27,988)	44,790
Other Expenditures	-	-	-	13
TOTAL EXPENDITURES	1,049,660	1,012,620	37,040	894,202

KINROSS CHARTER TOWNSHIP
AMBULANCE FUND
STATEMENT OF REVENUES/EXPENDITURES-BUDGET AND ACTUAL
Year Ended March 31, 2004

With Comparative Actual Amounts for Year Ended March 31, 2003

	2004			
	Budget	Actual	Variance- Favorable (Unfavorable)	2003
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(60,000)	(92,070)	(32,070)	(111,128)
OTHER FINANCING SOURCES:				
Sale of Fixed Assets	-	-	-	950
Operating Transfers In	170,000	147,586	(22,414)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>\$ 110,000</u>	<u>55,516</u>	<u>\$ (54,484)</u>	<u>(110,178)</u>
FUND BALANCE, APRIL 1		35,766		145,944
FUND BALANCE, MARCH 31		<u>\$ 91,282</u>		<u>\$ 35,766</u>

KINROSS CHARTER TOWNSHIP
PROPERTY MANAGEMENT FUND
STATEMENT OF REVENUES/EXPENDITURES-BUDGET AND ACTUAL
Year Ended March 31, 2004

With Comparative Actual Amounts for Year Ended March 31, 2003

	2004			
	Budget	Actual	Variance- Favorable (Unfavorable)	2003
REVENUES:				
State Sources	\$ 336,334	\$ -	\$ (336,334)	\$ -
Interest and Rents	184,738	190,984	6,246	186,338
Rentals and Leases	-	3,658	3,658	3,657
Refunds and Reimbursements	-	2,463	2,463	3,549
TOTAL REVENUES	521,072	197,105	(323,967)	193,544
EXPENDITURES:				
Capital Outlay:				
Equipment	5,000	2,600	2,400	3,835
Buildings & Building Improvements	47,250	17,607	29,643	28,188
Land Improvements	349,892	13,809	336,083	-
Total capital outlay	402,142	34,016	368,126	32,023
Other Expenditures:				
Salaries	10,430	13,423	(2,993)	38,121
Employee Benefits	5,300	3,264	2,036	16,525
Fees for Services	10,134	7,838	2,296	21,556
Buildings & Building Improvements	-	-	-	2,089
Advertising	1,550	1,325	225	3,724
Supplies	1,555	622	933	1,247
Prizes & Awards	-	-	-	53
Insurance	4,000	3,728	272	3,228
Education	1,000	-	1,000	170
Repairs and Maintenance	13,933	4,660	9,273	7,814
Membership fees	800	695	105	1,644
Utilities	17,825	16,990	835	16,794
Transportation	872	216	656	1,789
Property Tax Payment	7,692	7,169	523	4,354
Other	48,120	45,715	2,405	31,644
Total other expenditures	123,211	105,645	17,566	150,752
TOTAL EXPENDITURES	525,353	139,661	385,692	182,775
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,281)	57,444	61,725	10,769
OTHER FINANCING SOURCES (USES):				
Sale of Fixed Assets	102,000	101,872	(128)	65,215
Operating Transfers In	160,000	-	(160,000)	-
Operating Transfers Out	(257,719)	(234,367)	23,352	-

KINROSS CHARTER TOWNSHIP
PROPERTY MANAGEMENT FUND
STATEMENT OF REVENUES/EXPENDITURES-BUDGET AND ACTUAL
Year Ended March 31, 2004

With Comparative Actual Amounts for Year Ended March 31, 2003

	2004			
	Budget	Actual	Variance- Favorable (Unfavorable)	2003
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ (75,051)</u>	<u>\$ (75,051)</u>	<u>75,984</u>
FUND BALANCE, APRIL 1		147,470		71,486
FUND BALANCE, MARCH 31		<u>\$ 72,419</u>		<u>\$ 147,470</u>

KINROSS CHARTER TOWNSHIP
 DRUG FORFEITURE
 STATEMENT OF REVENUES/EXPENDITURES-BUDGET AND ACTUAL
 Year Ended March 31, 2004

With Comparative Actual Amounts for Year Ended March 31, 2003

	2004			
	Budget	Actual	Variance- Favorable (Unfavorable)	2003
REVENUES:				
Charges For Services	\$ 1,033	\$ 1,033	\$ -	\$ -
EXPENDITURES:				
General Government:				
Supplies	1,033	437	596	-
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	596	596	-
FUND BALANCE, APRIL 1		-		-
FUND BALANCE, MARCH 31		\$ 596		\$ -

KINROSS CHARTER TOWNSHIP
EDC
STATEMENT OF REVENUES/EXPENDITURES-BUDGET AND ACTUAL
Year Ended March 31, 2004

With Comparative Actual Amounts for Year Ended March 31, 2003

	2004			
	Budget	Actual	Variance- Favorable (Unfavorable)	2003
EXPENDITURES:				
Other Expenditures:				
Bad debts	\$ 7,040	\$ 7,039	\$ 1	\$ -
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,040)	(7,039)	1	-
OTHER FINANCING SOURCES:				
Operating Transfers In	7,040	-	(7,040)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	\$ -	(7,039)	\$ (7,039)	-
FUND BALANCE, APRIL 1		7,039		7,039
FUND BALANCE, MARCH 31		\$ -		\$ 7,039

KINROSS CHARTER TOWNSHIP
ROAD MAINTENANCE MILLAGE
STATEMENT OF REVENUES/EXPENDITURES-BUDGET AND ACTUAL
Year Ended March 31, 2004

With Comparative Actual Amounts for Year Ended March 31, 2003

	2004			
	Budget	Actual	Variance- Favorable (Unfavorable)	2003
REVENUES:				
Taxes	\$ 53,000	\$ 60,214	\$ 7,214	\$ 53,377
Federal Sources	6,000	8,011	2,011	7,777
Interest and Rents	700	2,460	1,760	1,753
TOTAL REVENUES	59,700	70,685	10,985	62,907
EXPENDITURES:				
Highways & Streets:				
Refund/reimbursements	1,000	3	997	31
Repairs and Maintenance	100,700	75,000	25,700	74,300
Total highways & streets	101,700	75,003	26,697	74,331
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(42,000)	(4,318)	37,682	(11,424)
OTHER FINANCING SOURCES:				
Operating Transfers In	42,000	-	(42,000)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	\$ -	(4,318)	(4,318)	(11,424)
FUND BALANCE, APRIL 1		51,742		63,166
FUND BALANCE, MARCH 31		\$ 47,424		\$ 51,742

KINROSS CHARTER TOWNSHIP
SNOWMOBILE TRAIL GROOMING FUND
STATEMENT OF REVENUES/EXPENDITURES-BUDGET AND ACTUAL
Year Ended March 31, 2004

With Comparative Actual Amounts for Year Ended March 31, 2003

	2004			
	Budget	Actual	Variance- Favorable (Unfavorable)	2003
REVENUES:				
State Sources	\$ 18,132	\$ 25,030	\$ 6,898	\$ 61,683
Charges For Services	-	16	16	18
Refunds and Reimbursements	1,100	1,639	539	1,804
TOTAL REVENUES	19,232	26,685	7,453	63,505
EXPENDITURES:				
Recreation:				
Salaries	13,012	8,789	4,223	5,650
Employee Benefits	1,725	1,982	(257)	1,072
Fees for Services	750	359	391	376
Supplies	4,800	4,995	(195)	3,050
Insurance	1,500	1,544	(44)	1,822
Repairs and Maintenance	2,860	2,403	457	2,258
Transportation	100	32	68	74
Other	150	221	(71)	146
Total recreation	24,897	20,325	4,572	14,448
Capital Outlay:				
Equipment	-	-	-	52,982
TOTAL EXPENDITURES	24,897	20,325	4,572	67,430
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,665)	6,360	12,025	(3,925)
OTHER FINANCING SOURCES:				
Operating Transfers In	5,665	-	(5,665)	5,200
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	\$ -	6,360	\$ 6,360	1,275
FUND BALANCE, APRIL 1		3,981		2,706
FUND BALANCE, MARCH 31		\$ 10,341		\$ 3,981

KINROSS CHARTER TOWNSHIP
POLICE FUND
STATEMENT OF REVENUES/EXPENDITURES-BUDGET AND ACTUAL
Year Ended March 31, 2004

With Comparative Actual Amounts for Year Ended March 31, 2003

	2004			
	Budget	Actual	Variance- Favorable (Unfavorable)	2003
REVENUES:				
Taxes	\$ 163,433	\$ 195,873	\$ 32,440	\$ 174,750
Federal Sources	45,235	44,973	(262)	31,310
State Sources	7,900	3,928	(3,972)	4,040
Charges For Services	3,350	2,554	(796)	3,016
Interest and Rents	1,700	4,080	2,380	1,898
Refunds and Reimbursements	51,875	43,800	(8,075)	121,337
Other	250	-	(250)	-
TOTAL REVENUES	273,743	295,208	21,465	336,351
EXPENDITURES:				
Public Safety:				
Salaries	164,516	162,809	1,707	176,350
Employee Benefits	64,475	63,804	671	62,013
Refund/reimbursements	300	-	300	90
Fees for Services	2,500	2,367	133	2,245
Advertising	200	101	99	92
Supplies	7,200	6,827	373	7,961
Uniforms	1,100	885	215	1,583
Insurance	3,175	2,967	208	2,575
Education	300	1,130	(830)	996
Medical	550	-	550	7
Repairs and Maintenance	3,900	3,353	547	1,728
Membership fees	150	110	40	30
Utilities	2,150	2,103	47	1,997
Transportation	100	95	5	1,077
Other	1,300	903	397	2,734
Total public safety	251,916	247,454	4,462	261,478
Capital Outlay:				
Equipment	11,927	6,236	5,691	759
Vehicle expense	10,000	-	10,000	18,979
Total capital outlay	21,927	6,236	15,691	19,738
TOTAL EXPENDITURES	273,843	253,690	20,153	281,216

KINROSS CHARTER TOWNSHIP
POLICE FUND
STATEMENT OF REVENUES/EXPENDITURES-BUDGET AND ACTUAL
Year Ended March 31, 2004

With Comparative Actual Amounts for Year Ended March 31, 2003

	2004			
	Budget	Actual	Variance- Favorable (Unfavorable)	2003
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(100)	41,518	41,618	55,135
OTHER FINANCING SOURCES:				
Sale of Fixed Assets	\$ 100	\$ -	\$ (100)	\$ -
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	\$ -	41,518	41,518	55,135
FUND BALANCE, APRIL 1		127,362		72,227
FUND BALANCE, MARCH 31		\$ 168,880		\$ 127,362

DEBT SERVICE FUNDS

The debt service funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

KINROSS CHARTER TOWNSHIP
Debt Service Funds
COMBINING BALANCE SHEET
March 31, 2004

With Comparative Totals at March 31, 2003

	1992 BUILDING AUTHORITY BOND	2004	2003
ASSETS:			
Cash & Equivalents-unrestricted	\$ 4,951	\$ 4,951	\$ 6,251
LIABILITIES:			
Accrued Interest Payable	\$ 4,450	\$ 4,450	\$ 5,750
Due To Other Funds	500	500	500
TOTAL LIABILITIES	4,950	4,950	6,250
FUND EQUITY:			
Fund Balance:			
Designated for Debt Service	1	1	1
TOTAL LIABILITIES AND FUND EQUITY	\$ 4,951	\$ 4,951	\$ 6,251

KINROSS CHARTER TOWNSHIP
Debt Service Funds
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended March 31, 2004

With Comparative Totals at March 31, 2003

	1992 BUILDING AUTHORITY BOND	2004	2003
REVENUES:			
Interest and Rents	\$ 7	\$ 7	\$ 12
EXPENDITURES:			
Debt Service	50.200	50.200	47.638
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(50.193)	(50.193)	(47.626)
OTHER FINANCING SOURCES:			
Operating Transfers In	50.193	50.193	47.626
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	-	-	-
FUND BALANCES, APRIL 1	1	1	1
FUND BALANCES, MARCH 31	\$ 1	\$ 1	\$ 1

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises--where the intent of the government's council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes.

KINROSS CHARTER TOWNSHIP
Enterprise Funds
COMBINING BALANCE SHEET
March 31, 2004

With Comparative Actual Amounts for Year Ended March 31, 2003

	RECREATION CENTER	CHIPPEWA COUNTY FAIRGROUNDS	KINROSS RACETRACK	GOLF COURSE	PUBLIC WORKS	2004	2003
ASSETS:							
Cash & Equivalents-unrestricted	\$ 18,469	\$ 44,413	\$ -	\$ -	\$ 556,549	\$ 619,431	\$ 852,848
Accounts Receivable (net)	278	1,343	-	127	136,121	137,869	126,567
Interest Receivables	-	-	-	-	5,131	5,139	8,139
Due From Other Funds	-	-	-	500	913	1,413	500
Due From Governmental Units	-	-	-	-	2,598	2,598	-
Inventory	210	-	-	10,759	-	10,969	9,566
Prepays	1,241	1,486	-	3,851	27,746	34,324	30,440
Other Assets	-	-	-	1,968	-	1,968	1,419
Land & Land Improvements	148,501	457,428	-	1,541,835	202,371	2,350,135	2,284,913
Buildings & Building Improvements	251,910	668,087	-	163,823	5,462,396	6,546,216	6,541,362
Equipment	35,971	73,945	-	607,136	2,354,670	3,071,722	3,016,079
Water system	-	-	-	14,792	1,036,405	1,051,197	1,081,915
Sewer system	-	-	-	-	2,720,392	2,720,392	2,649,844
Accumulated Depreciation	(225,663)	(676,460)	-	(1,208,697)	(5,107,388)	(7,218,208)	(6,741,620)
TOTAL ASSETS	\$ 230,917	\$ 570,242	\$ -	\$ 1,136,094	\$ 7,397,904	\$ 9,335,157	\$ 9,861,972
LIABILITIES:							
Accounts Payable	\$ 2,392	\$ 541	\$ -	\$ 2,450	\$ 41,546	\$ 46,929	\$ 53,530
Due To Other Funds	-	-	-	-	-	-	87,226
Other Liabilities	2,788	1,424	-	2,673	21,636	28,521	26,234
Deferred Revenue	-	-	-	-	1,457	1,457	5,028
TOTAL LIABILITIES	5,180	1,965	-	5,123	64,639	76,907	172,018
FUND EQUITY:							
Contributed Equity	-	329,102	-	664,696	3,229,979	4,223,777	4,424,963
Retained Earnings	225,737	239,175	-	466,275	4,103,286	5,034,473	5,264,991
TOTAL FUND EQUITY	225,737	568,277	-	1,130,971	7,333,265	9,258,250	9,689,954
TOTAL LIABILITIES AND FUND EQUITY	\$ 230,917	\$ 570,242	\$ -	\$ 1,136,094	\$ 7,397,904	\$ 9,335,157	\$ 9,861,972

KINROSS CHARTER TOWNSHIP
Enterprise Funds
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
Year Ended March 31, 2004

With Comparative Actual Amounts for Year Ended March 31, 2003

	RECREATION CENTER	CHIPPEWA COUNTY FAIRGROUNDS	KINROSS RACETRACK	GOLF COURSE	PUBLIC WORKS	2004	2003
OPERATING REVENUES:							
Charges For Services	\$ 12,256	\$ -	\$ -	\$ 208,545	\$ 1,284,844	\$ 1,505,645	\$ 1,525,517
Interest and Rents	22,959	35,677	-	86,344	7,941	152,921	148,798
Contributions	4,333	-	-	-	-	4,333	667
Sale of Fixed Assets	-	-	-	-	19,483	19,483	14,489
Donations	3,945	25	-	-	-	3,970	805
Refunds and Reimbursements	5,018	1,449	-	412	40,338	47,217	42,021
Other	-	-	-	36,076	90	36,166	34,655
TOTAL OPERATING REVENUES	48,511	37,151	-	331,377	1,352,696	1,769,735	1,766,952
EXPENSES:							
Operating Expenses:							
Cost of Goods Sold							
Salaries	60,250	25,324	-	25,826	-	25,826	19,913
Employee Benefits	13,676	4,664	-	139,658	485,443	710,675	684,267
Refund/reimbursements	-	-	-	36,548	190,129	245,017	239,113
Fees for Services	9,739	-	-	2,893	-	2,893	272
Equipment Rental	-	6,675	-	6,204	186,560	209,178	174,729
Depreciation	23,063	1,394	-	2,586	5,112	9,092	9,068
Printing	-	9,198	-	39,413	325,566	397,240	450,594
Advertising	979	-	-	520	1,262	1,782	4,319
Supplies	7,858	8,528	-	10,631	624	12,234	19,090
Uniforms	-	-	-	15,119	103,526	135,031	137,425
Insurance	1,864	4,149	-	870	5,830	6,700	5,538
Education	-	-	-	4,831	49,005	59,849	49,960
Medical	428	-	-	225	1,622	1,847	3,104
Bad debts	-	-	-	221	370	1,019	1,538
Repairs and Maintenance	5,517	2,268	-	-	3,194	3,194	2,945
Membership fees	135	-	-	51,240	117,141	176,166	161,162
Utilities	20,069	8,750	-	2,048	771	2,954	1,858
Transportation	229	94	-	15,773	176,824	221,416	209,002
Other	13,508	225	-	1,026	1,689	3,038	3,537
TOTAL EXPENSES	157,315	71,269	-	358,517	1,658,288	2,245,389	2,188,067
OPERATING INCOME (LOSS)	(108,804)	(34,118)	-	(27,140)	(305,592)	(475,654)	(421,115)
NON-OPERATING REVENUES (EXPENSES):							
Interest on Deposits	-	575	-	-	30,452	31,027	35,888
Interest expense	-	-	-	-	-	-	(392)
Operating Transfers In	85,965	49,235	-	133,062	-	268,262	155,008
Operating Transfers Out	-	-	(3,960)	(50,193)	-	(54,153)	(47,626)
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

KINROSS CHARTER TOWNSHIP
Enterprise Funds
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
Year Ended March 31, 2004

With Comparative Actual Amounts for Year Ended March 31, 2003

	RECREATION CENTER	CHIPPEWA COUNTY FAIRGROUNDS	KINROSS RACETRACK	GOLF COURSE	PUBLIC WORKS	2004	2003
NET INCOME(LOSS)	(22,839)	15,692	(3,960)	55,729	(275,140)	(230,518)	(278,237)
RETAINED EARNINGS, APRIL 1	248,576	223,483	3,960	410,546	4,378,426	5,264,991	5,543,228
RETAINED EARNINGS, MARCH 31	<u>\$ 225,737</u>	<u>\$ 239,175</u>	<u>\$ -</u>	<u>\$ 466,275</u>	<u>\$ 4,103,286</u>	<u>\$ 5,034,473</u>	<u>\$ 5,264,991</u>

KINROSS CHARTER TOWNSHIP
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended March 31, 2004

	Recreation Center	Chippewa County Fairgrounds	Kinross Race Track	Golf Course	Public Works	Totals (Memorandum Only)
Cash Flows from Operating Activities:						
Operating Income (Loss)	\$ (108,804)	\$ (34,118)	\$ -	\$ (27,140)	\$ (305,592)	\$ (475,654)
Depreciation	23,063	9,198	-	39,413	325,566	397,240
(Increase)/Decrease in Assets						
Receivables	(130)	(95)	-	940	(11,605)	(10,890)
Due from Other Funds	-	-	-	-	(913)	(913)
Inventory	53	-	-	(1,456)	-	(1,403)
Prepays	316	(286)	-	(824)	(3,090)	(3,884)
Other Assets	250	-	-	(799)	-	(549)
Increase/(Decrease) in Liabilities						
Accounts Payable	(2,544)	(24)	-	(3,539)	(494)	(6,601)
Due to Other Funds	-	-	-	(85,816)	(1,410)	(87,226)
Leases Payable	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-
Other Liabilities	-	-	-	-	(3,571)	(3,571)
Net Cash Provided (Used) by Operating Activities	1,528	(1)	-	(379)	1,139	2,287
	(86,268)	(25,326)	-	(79,600)	30	(191,164)
Cash Flows from Non-Capital and Related Financing Activities:						
Operating Transfers In	85,965	49,235	-	133,062	-	268,262
Operating Transfers Out	-	-	(3,960)	(50,193)	-	(54,153)
Net Cash Provided (Used) in Non-Capital and Related Financing Activities	85,965	49,235	(3,960)	82,869	-	214,109
Cash Flows from Capital and Related Financing Activities:						
Purchase/Transfer of Fixed Assets	(6,825)	(3,857)	3,857	(3,269)	(277,295)	(287,389)
Net Cash Provided (Used) in Capital and Related Financing Activities	(6,825)	(3,857)	3,857	(3,269)	(277,295)	(287,389)
Cash Flows from Investing Activities:						
Interest Received	-	575	-	-	30,452	31,027
Net Cash Provided (Used) in Investing Activities	-	575	-	-	30,452	31,027
Net Increase (Decrease) in Cash	(7,128)	20,627	(103)	-	(246,813)	(233,417)
Cash, Beginning of Year	25,597	23,786	103	-	803,362	852,848
Cash, End of Year	\$ 18,469	\$ 44,413	\$ -	\$ -	\$ 556,549	\$ 619,431
Interest Paid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

TRUST AND AGENCY FUNDS

Trust funds are used to account for assets held by the government in a trustee capacity. Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

KINROSS CHARTER TOWNSHIP
Agency Funds
COMBINING BALANCE SHEET
March 31, 2004

With Comparative Totals at March 31, 2003

	CURRENT TAX COLLECTION	2004	2003
ASSETS:			
Cash & Equivalents-unrestricted	\$ 498,779	\$ 498,779	\$ 74,312
Due From Other Funds	-	-	22,192
TOTAL ASSETS	<u>\$ 498,779</u>	<u>\$ 498,779</u>	<u>\$ 96,504</u>
LIABILITIES:			
Due To Other Funds	\$ 105,858	\$ 105,858	\$ 3,227
Due To Other Governmental Units	392,921	392,921	93,277
TOTAL LIABILITIES	<u>\$ 498,779</u>	<u>\$ 498,779</u>	<u>\$ 96,504</u>

KINROSS CHARTER TOWNSHIP
COMBINING STATEMENT OF CHANGES IN ASSETS & LIABILITIES
March 31, 2004

	BALANCE APRIL 1	ADDITIONS	REDUCTIONS	BALANCE MARCH 31
CURRENT TAX COLLECTION FUND				
ASSETS:				
Cash & Equivalents-unrestricted	\$ 74,312	\$ 1,216,026	\$ 791,559	\$ 498,779
Due From Other Funds	22,192	-	22,192	-
TOTAL ASSETS	<u>\$ 96,504</u>	<u>\$ 1,216,026</u>	<u>\$ 813,751</u>	<u>\$ 498,779</u>
LIABILITIES:				
Due To Other Funds	\$ 3,227	\$ 149,013	\$ 46,382	\$ 105,858
Due To Other Governmental Units	93,277	1,067,013	767,369	392,921
TOTAL LIABILITIES	<u>\$ 96,504</u>	<u>\$ 1,216,026</u>	<u>\$ 813,751</u>	<u>\$ 498,779</u>
TOTAL - ALL AGENCY FUNDS				
ASSETS:				
Cash & Equivalents-unrestricted	\$ 74,312	\$ 1,216,026	\$ 791,559	\$ 498,779
Due From Other Funds	22,192	-	22,192	-
TOTAL ASSETS	<u>\$ 96,504</u>	<u>\$ 1,216,026</u>	<u>\$ 813,751</u>	<u>\$ 498,779</u>
LIABILITIES:				
Due To Other Funds	\$ 3,227	\$ 149,013	\$ 46,382	\$ 105,858
Due To Other Governmental Units	93,277	1,067,013	767,369	392,921
TOTAL LIABILITIES	<u>\$ 96,504</u>	<u>\$ 1,216,026</u>	<u>\$ 813,751</u>	<u>\$ 498,779</u>

KINROSS CHARTER TOWNSHIP
PENSION TRUST FUND
BALANCE SHEET
MARCH 31, 2004

With Comparative Totals at March 31, 2003

	<u>2004</u>	<u>2003</u>
ASSETS:		
Cash & Equivalents-unrestricted	\$ 458,943	\$ 330,490
	<u> </u>	<u> </u>
FUND EQUITY:		
Fund Balance	\$ 458,943	\$ 330,490
	<u> </u>	<u> </u>

KINROSS CHARTER TOWNSHIP
PENSION TRUST FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
YEAR ENDED MARCH 31, 2004

With Comparative Totals at March 31, 2003

	<u>2004</u>	<u>2003</u>
REVENUES:		
Contributions	\$ 64,473	\$ 64,626
EXPENSES:		
Operating Expenses:		
Employee Benefits	19,071	11,271
OPERATING INCOME	45,402	53,355
NON-OPERATING REVENUES (EXPENSES):		
Gain/(Loss)	83,051	(52,824)
NET INCOME	128,453	531
FUND BALANCE, APRIL 1	330,490	329,959
FUND BALANCE, MARCH 31	<u>\$ 458,943</u>	<u>\$ 330,490</u>



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

PHILLIP J. WOLF, CPA, PRINCIPAL
SUE A. BOWLBY, CPA, PRINCIPAL
KENNETH A. TALSMA, CPA, PRINCIPAL

DEANNA J. MAYER, CPA

MEMBER AICPA
DIVISION FOR CPA FIRMS

MEMBER MACPA

OFFICES IN
MICHIGAN & WISCONSIN

REPORT TO MANAGEMENT

Members of the Board of Trustees
Kinross Charter Township
Chippewa County, Michigan 49752

We have audited the financial statements of Kinross Charter Township for the year ended March 31, 2004, and have issued our reports thereon dated May 22, 2004. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of Kinross Charter Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of the accounting policies and their application. The significant accounting policies used by the Township are described in Note B to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into by the Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Our conclusions regarding the reasonableness of the estimates are based on reviewing and testing the historical data provided by management and using this data to compute the liability.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Township's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Township, either individually or in the aggregate, indicate matters that could have a significant effect on the Township's financial reporting process. Significant audit adjustments were made to record the last quarter of Pension Trust activity. In addition, the attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreement with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about accounting and auditing matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in the performance of our audit.

Comments and Recommendations

AMBULANCE RECEIVABLES: (Repeat)

Based on a conversation with management, it appears that ambulance accounts receivables are written off without Board approval. We recommend that accounts receivable only be written off after Board approval.

INVESTMENTS: (Repeat)

The Township has not implemented GASB Statement #31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. GASB #31 states that governmental entities should report investments at fair value in the balance sheet (or other statement of financial position); the Township is presently reporting investments at cost. By reporting investments at cost, the Township is understating its assets by \$2,666. The Township is also required to amortize any premium or discount relating to investments, which is currently not performed.

ACCOUNTS RECEIVABLES:

In the general fund, there is an accounts receivable that is over nine years old. In the fire fund, there is an accounts receivable that is over twelve years old. There is also an accounts receivable in the fairgrounds fund that is over eight years old. It is unlikely that these amounts will be collected by the Township. It is recommended that such stale balances be written off after Board approval.

BOARD MINUTES:

Currently, not all board minutes are signed. It is recommended that the board minutes for every meeting be signed by the Supervisor and the Clerk.

FIXED ASSETS:

The Township should consider performing a search for all parcels of land owned by the Township. This will ensure that the fixed asset listing includes all parcels owned by the Township when GASB Statement #34 is implemented.

CHECKS:

There were no actual Disbursement or Payroll checks on site; only check copies. These copies did not have any authorization/approval signatures. We recommend that the client provide authorization signatures on the check copies they keep on site.

New Financial Reporting Model

Governmental Accounting Standards Board (GASB) Statement of Governmental Accounting Standards No. 34, "Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments" was recently released. The Statement establishes new financial reporting requirements for state and local governments throughout the United States. When implemented, it will create new information and will restructure much of the information that governments have presented in the past. The GASB developed the new requirements to make annual reports more comprehensive and easier to understand and use. We've highlighted some of the major changes below for your information.

The Statement requires governments to continue to present financial statements that provide information about funds; however, governments will now be required to report information about their most important, or "major" funds. Additionally, governments will be required to continue to provide budgetary comparison information in their annual reports; however, added to that comparison will be the *original* budget.

Also required by the Statement is management's discussion and analysis (referred to as MD&A), by giving readers an objective and easily readable analysis of the government's *financial* performance for the year. This analysis should provide users with the information they need to help them assess whether the government's financial position has improved or deteriorated as a result of the year's operations. The use of account groups, namely the General Fixed Asset Account Group and the General Long-Term Debt Account Group, will be discontinued. Capital assets and long-term debt will be reported with other assets and liabilities of the governmental unit in a required "Statement of Net Assets." Capital assets will now be depreciated with depreciation expense reported in a required "Statement of Activities."

The requirements of this Statement are effective in three phases based on a government's total annual revenues in the first fiscal year ending after June 15, 1999. Governments with less than \$10 million in revenues should apply this Statement for periods beginning after June 15, 2003, but earlier application is encouraged.

Conclusion

We would like to express our appreciation, as well as that of our staff, for the excellent cooperation we received while performing the audit. If we can be of assistance in implementing any of the above recommendations, please contact us.

This information is intended solely for the information and use of the Township Board, the cognizant audit agencies and other federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Anderson Tackman & Co PdtC

**Anderson, Tackman & Company, PLC
Certified Public Accountants**

May 22, 2004